



Policy (our fundamental view)

The NOF Group actively carries out initiatives to prevent air pollution in accordance with the Management Policy Regarding Responsible Care.

- (1) We manage atmospheric emissions generated from operations and comply with laws and regulations.
- (2) We set targets and continuously pursue technical improvements to reduce atmospheric emissions.
- (3) We take into account the impact on local communities and strive to minimize environmental burdens.

Basis for Policy

Policy 1: Manufacturing Business Guideline 8

“To reduce environmental impact, we comply with relevant laws and regulations, and establish management systems for atmospheric emissions, discharges to sewage treatment plants, rivers, and oceans, as well as for industrial waste and other outputs associated with operations.”

Policy 2: Manufacturing Business Guideline 8

“We set targets for reducing emissions as well as for minimization, volume reduction, recovery, treatment, and improved sorting of industrial waste, and will continue to make technical improvements.”

Policy 3: Manufacturing Business Guideline 7

“We pay due attention to the concerns of

local residents regarding relevant product manufacturing, enhance communication with them, and establish systems that can provide appropriate information.”

Prevention of air pollution

In accordance with the Management Policy Regarding Responsible Care, the NOF Group measures sulfur oxides (SOx), nitrogen oxides (NOx), soot and dust,* and other substances

contained in the exhaust gas from boilers and other combustion equipment to prevent air pollution, and manages operations in strict compliance with national and local environmental standards.

We are currently advancing reduction plans, including energy conversion of AFO boilers, which cause SOx emissions, to city gas.

In addition, there have been no cases of violations of laws and regulations related to emissions into the atmosphere.

Changes in exhaust gas monitoring items

(Tons / year)

Category		2021	2022	2023	2024
NOF	SOx	1.9	2.6	4.9	2.1
	NOx	48.0	49.1	52.9	40.6
	Soot and dust	1.1	0.9	0.9	0.9
Domestic Group	SOx	3.3	4.4	6.5	3.4
	NOx	49.6	50.6	54.4	41.1
	Soot and dust	1.1	0.9	1.0	0.9
NOF Group	SOx	4.6	6.5	8.2	4.7
	NOx	55.3	55.4	58.1	45.8
	Soot and dust	4.1	4.6	2.6	4.4
Violations of laws and regulations (no.)		0	0	0	0

*Out of particulate substances arising from operations in plants and other business establishments, those generated in conjunction with the combustion of fuel or any other substance.



Hazardous air pollutants

Hazardous air pollutants are chemical substances that may pose risks to human health through long-term exposure even at low concentrations. Based on the list of chemical substances revised in the October 2010 report (9th report) of the Central Environment Council, we are working to monitor and reduce emissions of 15 designated substances.

The Domestic Group's emissions of these substances in fiscal 2024 amounted to 89 tons. As with VOCs, we position the reduction of emissions as one of our important issues, and we are actively working on process improvements and equipment installation. In addition, through technological innovation and research and development, we are exploring new reduction methods and contributing to the realization of a sustainable society.

Emissions of hazardous air pollutants
(15 substances overlapping with VOCs
from the 23 priority substances)

Domestic
Group

FY2024

NOF 56.6 tons/year

Domestic Group 89.1 tons/year

Volatile organic compounds (VOCs)

VOCs are substances that contribute to air pollution and photochemical smog. NOF believes that controlling VOC emissions is part of our social responsibility.

We monitor and work to reduce VOC emissions. In fiscal 2024, the total VOC emissions from the Domestic Group amounted to 190 tons.

As part of our environmental protection activities aimed at realizing a sustainable society, NOF positions VOC emission reduction as one of our important issues. We are actively implementing process improvements and introducing new equipment. In addition, through technological innovation and research and development, we are exploring new reduction methods and contributing to the realization of a sustainable society.

VOC emissions
(PRTR-controlled + JCIA-recommended
substances: 303)

Domestic
Group

FY2024

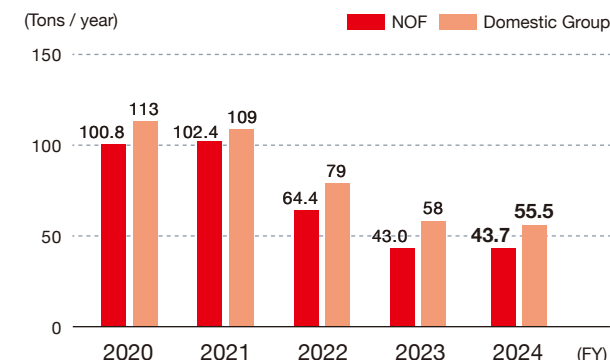
NOF 142.8 tons/year

Domestic Group 189.8 tons/year

VOC substances under JCIA-recommended voluntary control

The Domestic Group also monitors and reduces emissions of VOCs recommended by the Japan Chemical Industry Association (JCIA) as substances for voluntary management. In fiscal 2024, VOC emissions amounted to 56 tons, representing a decrease of about 4% from the previous year's 58 tons.

Changes in VOC emissions of substances under JCIA-recommended voluntary control Domestic Group





Reduction of fluorocarbon emissions

In accordance with the Act on Rational Use and Proper Management of Fluorocarbons (Fluorocarbon Emissions Control Act), which covers the entire life cycle of fluorocarbons from production to disposal, we have been carrying out simple and periodic inspections according to plan, as required by the law.

In fiscal 2024, we estimated leakage of fluorocarbons amounted to 2,118 tons of CO₂e at the Kawasaki Works, 622 tons of CO₂e at the Aichi Works, and 32 tons of CO₂e at the Amagasaki Plant, bringing the total for our company to 2,775 tons of CO₂e.

We will continue to strengthen inspections and maintenance, and ensure proper disposal of equipment. We will also promote the replacement of existing equipment to equipment that uses refrigerants with lower global warming and ozone depletion potentials and further reduce fluorocarbon leaks.

Calculated fluorocarbon leaks (FY2024)

Works / plants	Emission volume (tons of CO ₂ e)
Amagasaki Plant	32
Aichi Works	622
Kawasaki Works	2,118
Oita Plant	3
Total	2,775

PRTR Act-controlled substances

The emissions volume of PRTR Act-controlled substances by the Domestic Group in fiscal 2024 was 135.1 tons, a decrease by about 19% from 167.0 tons in the previous fiscal year. As a result, about 50% reduction of emissions volume was achieved from the 269 tons in fiscal 2010, the reference year of the Mid-term Target.

PRTR Act-controlled substances with an emissions volume of 10 tons or more are indicated in the table below.

Substances high in volume (10 tons or more) discharged into the environment Domestic Group

Cabinet order No.	Name	Emission volume (tons/year)
186	Dichloromethane	37.4
300	Toluene	29.2
128	Chloromethane	15.4
83	Cumene	15.0
Total emission volume		135.1

Measures to reduce emissions of PRTR Act-controlled substances

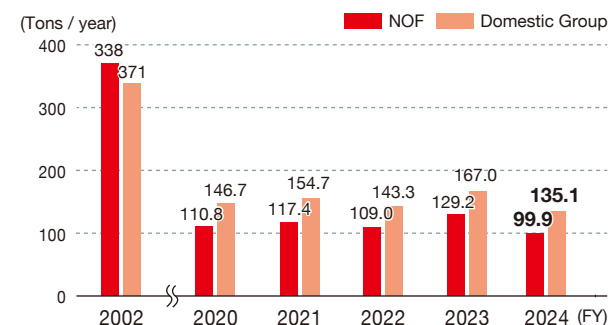
NOF has set a KPI of reducing emissions of PRTR Act-controlled substances to 170 tons or less each year. In particular, we are examining manufacturing methods in which PRTR Act-controlled substances are not used in order to reduce the amount of substances with high environmental emissions. We

aim to reduce emissions through the adoption of alternative substances and environmentally friendly manufacturing methods.

In addition, the operating conditions of recovery equipment are optimized to improve the recovery rate of emissions. Regular maintenance and proper operation and management ensure effective recovery and lead to reduced emissions.

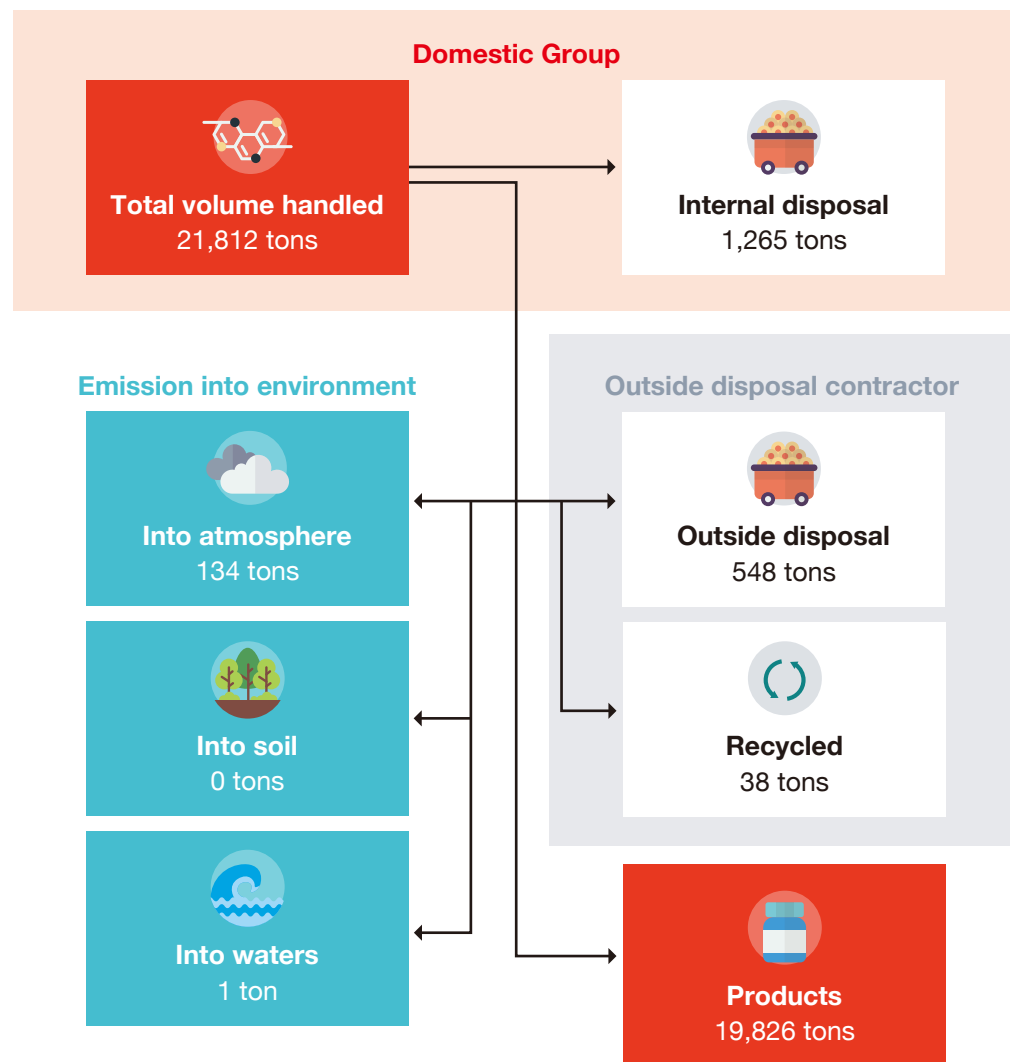
NOF will continue its efforts to reduce emissions of PRTR Act-controlled substances and promote more environmentally friendly manufacturing activities. In this way, we will contribute to the achievement of a sustainable society and work to protect the global environment.

Changes in emissions of PRTR Act-controlled substances Domestic Group





Balance of emissions of PRTR Act-controlled substances (FY2024) Domestic Group





Risks and opportunities for atmospheric emissions

The NOF Group recognizes both the risks and opportunities related to atmospheric emissions and is implementing measures to address them. In terms of transition risks, tightening domestic and international regulations may lead to higher costs from facility investments and the potential loss of business

opportunities if production of existing products is discontinued. Delays in regulatory compliance or in developing eco-friendly products may also damage our reputation among investors, customers, and local communities, posing a risk to the Group's standing.

Natural disasters such as typhoons or volcanic eruptions could damage facilities, which would directly result in halted production activities and

decreased sales.

On the other hand, growing demand for products that help mitigate air pollution presents opportunities for the NOF Group. The development of eco-friendly products such as waterborne anti-corrosion coatings and cement capsules is expected to enhance the Group's reputation and lead to the acquisition of new market opportunities.

Risks and opportunities for atmospheric emissions

Category	Major risks and opportunities	Overview	Countermeasures
Transition risks	Tighter domestic and international regulations	<ul style="list-style-type: none"> The introduction of new regulations makes it necessary to enhance facilities and strengthen management systems to comply with the new regulations, which increases the associated management costs New atmospheric emissions regulations make it impossible to manufacture products as they have been through now, resulting in reduced sales due to lost opportunities 	(1) Creation and execution of emission reduction measures <ul style="list-style-type: none"> Capacity expansion of VOC recovery facilities (2) Reevaluation of production processes
	Deterioration of evaluation/reputation	<ul style="list-style-type: none"> Delays in complying with regulations and in developing eco-friendly products damage the company's evaluation from investors and its reputation among customers and local residents 	<ul style="list-style-type: none"> Enhancement of information disclosure on content of initiatives
Physical risks	Natural disasters	<ul style="list-style-type: none"> Due to damage to facilities caused by typhoons, heavy rain, and other natural disasters, it becomes difficult to operate recovery facilities, which in turn causes production to stop, resulting in lost opportunities and lost sales 	<ul style="list-style-type: none"> Capacity expansion of VOC recovery facilities
		<ul style="list-style-type: none"> Damage to equipment due to ash emissions from eruption of Mount Fuji 	<ul style="list-style-type: none"> Handling of natural disasters according to the BCP
Opportunities	Growing needs for products that contribute to mitigating air pollution	[Mitigation of air pollution] <ul style="list-style-type: none"> Waterborne anti-corrosion coatings, cement capsules 	<ul style="list-style-type: none"> Development and provision of eco-friendly products
	Improvement of evaluation and reputation	<ul style="list-style-type: none"> Proactive emission control measures and the development and provision of products that make positive contributions improve the company's evaluation from investors and its reputation among customers and local residents 	<ul style="list-style-type: none"> Enhancement of information disclosure on content of initiatives